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Economic Insights

Non-resident Ownership of Residential Properties in Toronto and Vancouver: Initial data from the Canadian Housing Statistics Program

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Non-resident Ownership of Residential Properties in Toronto and Vancouver: Initial data from the Canadian Housing Statistics Program

by Guy Gellatly and René Morissette, Analytical Studies Branch

This article in the *Economic Insights* series highlights new data on the ownership of residential properties in Toronto and Vancouver by non-residents of Canada. It reports on the prevalence of non-resident ownership for different types of housing, including single-detached houses, semi-detached houses, row houses and condominium apartments, and compares the property values of non-resident and resident-owned assets. Information on the location, age and size of condominium apartments is used to assess differences in the value of non-resident-owned properties.

The article complements the initial release of data from the Canadian Housing Statistics Program, available on CANSIM as of December 19, 2017.

Introduction

The first release of cross-sectional data from the Canadian Housing Statistics Program (CHSP) is intended to provide a richer understanding of the economic weight of non-resident-owned assets in different segments of the Toronto and Vancouver housing markets. These initial data allow for estimates of the scope of non-resident ownership in both cities as of mid-2017, following periods of significant housing price inflation during which legislative measures were introduced to address the potential inflationary impact of foreign-buyer activity.¹

The CHSP data include estimates of the number and assessed value of selected types of properties owned by non-residents, including single-detached houses, semi-detached houses, row houses, and condominium apartments.² Estimates are available for the Toronto and Vancouver census metropolitan areas (CMAs). This study examines differences in the assessed property value of non-resident and resident-owned condominium apartments, and evaluates the extent to which differences in value can be explained by the location, age and size of these properties.

Non-resident ownership more prevalent for condominium apartments

The new CHSP data show that non-residents owned 3.4% of all residential properties in Toronto and the assessed value of these properties accounted for 3.0% of total residential property value in that CMA.³ In Vancouver, non-residents owned 4.8% of residential properties, valued at 5.1% of total residential property value.

Estimates of non-resident ownership varied across housing types. In both CMAs, non-resident ownership was more prevalent for condominium apartments.⁴ Non-residents owned 7.2% of condominium apartments in Toronto and 7.9% of these units in Vancouver. By comparison, 2.1% of single-detached houses in Toronto, and 3.2% of single-detached houses in Vancouver, were owned by non-residents (Chart 1).

1. In July 2016, the Government of British Columbia announced an additional property transfer tax rate of 15% that would apply to purchasers of residential real estate in Metro Vancouver who are foreign nationals or foreign-controlled corporations. In April 2017, the Government of Ontario announced the Fair Housing Plan, which included a 15% Non-Resident Speculation Tax on non-Canadian citizens, non-permanent residents and non-Canadian corporations buying residential properties containing one to six units in the Greater Golden Horseshoe Region.

2. The reference months for the initial CHSP data are May 2017 for Toronto and June 2017 for Vancouver.

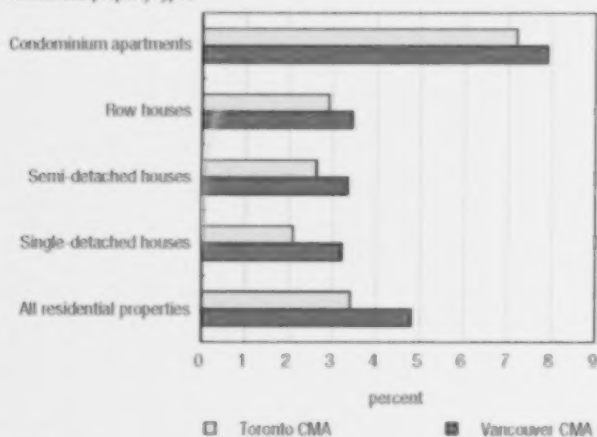
3. Unless otherwise noted, Toronto refers to the census metropolitan area (CMA) while the City of Toronto refers to the census subdivision (CSD). Similarly, Vancouver refers to the CMA and the City of Vancouver to the CSD.

4. In both cities, there is a small percentage of condominiums that are not classified as apartments.

Chart 1

Ownership of residential properties by non-residents,
selected housing types, Toronto and Vancouver CMAs

Residential property types



Note: CMA: census metropolitan area.

Source: Statistics Canada, Canadian Housing Statistics Program, May 2017 (Toronto) and June 2017 (Vancouver).

Non-resident-owned properties in Toronto and
Vancouver have higher assessment values

Residential assets owned by non-residents differ from resident-owned properties in terms of their average assessment value. Table 1 reports the average and median assessment values for specific property types, while Chart 2 plots the dollar-value difference in the average assessment value of non-resident and resident-owned properties.

Table 1

Average and median assessment values of residential properties, by residency of owner and selected housing type

	Average assessment value				Median assessment value			
	Total	Properties owned by non-residents	Properties owned by residents	Difference: non-residents minus residents	Total	Properties owned by non-residents	Properties owned by residents	Difference: non-residents minus residents
dollars								
Toronto CMA								
All residential properties	725,400	645,000	728,200	-83,200	588,000	513,000	590,000	-77,000
Single-detached houses	842,800	944,100	840,600	103,500	725,000	787,000	724,000	63,000
Semi-detached houses	620,600	681,300	618,900	62,300	563,000	620,000	562,000	58,000
Row houses	501,400	541,500	500,200	41,300	458,000	488,000	458,000	30,000
Condominium apartments	389,300	420,700	386,900	33,800	343,000	371,000	340,000	31,000
Vancouver CMA								
All residential properties	1,161,700	1,238,400	1,157,900	80,500	817,000	751,000	820,000	-69,000
Single-detached houses	1,590,900	2,275,900	1,568,100	707,800	1,273,100	1,621,500	1,264,000	357,500
Semi-detached houses	1,162,400	1,283,100	1,158,300	124,800	1,099,000	1,220,000	1,095,600	124,400
Row houses	617,800	709,400	614,500	94,900	544,000	628,000	542,000	86,000
Condominium apartments	543,600	692,000	530,800	161,200	440,000	528,000	433,000	95,000

Notes: Data on average assessment value are rounded to the nearest \$100. The estimates for all residential properties also include data on property types not listed here. CMA: census metropolitan area.

Source: Statistics Canada, Canadian Housing Statistics Program, May 2017 (Toronto CMA) and June 2017 (Vancouver CMA).

Toronto

In the Toronto CMA, the average assessed value of all residential properties owned by non-residents was \$645,000 in May 2017, \$83,200 lower than the average value of all resident-owned properties. This in part reflects compositional differences in the types of housing owned by the two groups, as non-residents are more likely to own condominium apartments, which have lower average property values than other types of housing.⁵ While condominium apartments account for about one-fifth of all residential properties in Toronto, they make up 44% of all properties owned by non-residents.

Notable differences in property value were apparent when comparing specific types of residential housing. Non-resident-owned properties exhibited higher mean and median property values for each of the specific types of housing examined. The average assessment value of single-detached houses owned by non-residents in Toronto was \$103,500 higher than the average for Canadian residents. For condominium apartments, the average value of non-resident-owned units was \$33,800 higher than the average value of those owned by residents.

Vancouver

In Vancouver, differences in the value of non-resident and resident-owned properties were substantially larger. While condominium apartments account for 32% of all residential properties in Vancouver, they make up 53% of all properties owned by non-residents. Despite the fact that non-residents are proportionately more likely to own condominium apartments, the average value of all residential assets in Vancouver owned by non-residents was \$80,500 higher than the average for Canadian residents.

5. When the overall estimate for residential properties is restricted to single-detached houses, semi-detached houses, row houses, and condominium apartments, the average value of resident-owned properties exceeded that of non-resident properties by about \$45,000.



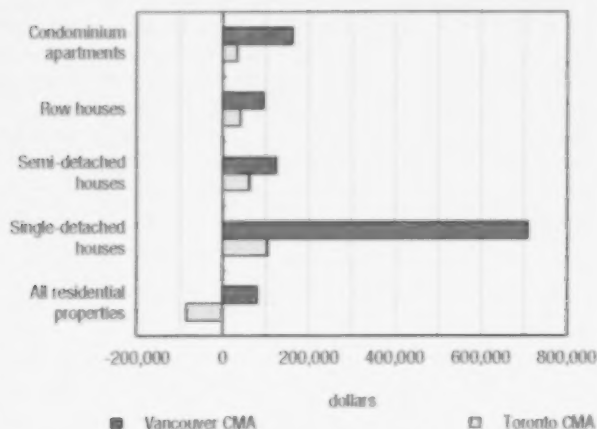
Substantial differences in property value were apparent for specific types of housing. At the extreme are differences in the value of single-detached houses. For the Vancouver CMA as a whole, the average value of single-detached houses owned by non-residents was \$707,800 higher than the average for residents. The average market value of single-detached houses owned by non-residents in Vancouver was \$2,275,900, compared to \$1,568,100 for those owned by residents. The difference in average property value between the two groups was similar in magnitude to the average value of a single-detached house in Toronto (\$842,800). This largely reflects the impact of high-value properties in the census subdivisions (CSDs) of Greater Vancouver A, the City of Vancouver, and West Vancouver.⁶ When single-detached houses in these areas are excluded, the gap in average property values between non-resident and resident owners declined to about \$250,000.

Among condominium apartments—which comprise one-third of all residential properties in the Vancouver CMA, and over one-half of properties owned by non-residents—the average value of non-resident-owned units was \$161,200 higher than resident-owned units.

Chart 2

Difference in average assessment value between residential properties owned by non-residents and residents, selected housing types, Toronto and Vancouver CMAs

Residential property types



Notes: Differences are calculated as the average assessment value of non-resident-owned properties minus the average assessment value of resident-owned properties. The estimates for all residential properties also include data for property types not presented here. CMA: census metropolitan area.

Source: Statistics Canada, Canadian Housing Statistics Program, May 2017 (Toronto) and June 2017 (Vancouver).

How do location, size and age contribute to higher property values for non-residents?

Differences in assessment values reflect a host of property-specific characteristics—including the location, size, and age of the property—that can serve to differentiate the types of assets owned by non-residents from those owned by Canadian residents. The CHSP data also include information on location (measured at the CSD level), total living area, and the age of the property, which can be used to evaluate average differences in the value of non-resident and resident-owned assets.

This part of the analysis aims to quantify the impact of these factors in explaining differences in the value of non-resident and resident-owned properties. To ensure that the data are as robust as possible for purposes of comparison, the sample was restricted to condominium apartments. As noted earlier, ownership rates among non-residents are highest for condominium apartments, which comprise 44% of all non-resident-owned housing assets in Toronto, and 53% of these assets in Vancouver.

Toronto

Table 2 presents average assessment values for the Toronto CMA and for selected municipalities.⁷ Two estimates of the difference in property values between non-resident and resident-owned condominium apartments are reported. The first is the unadjusted, or raw, differences in the average assessment value between the two groups. The second is the adjusted difference in the average property value of non-resident and resident-owned condominium apartments, after taking property-specific differences in living area and age of housing into account. The adjusted estimates for Toronto also control for differences in the location of condominium apartments across CSDs. The wider the gap between the unadjusted and the adjusted differences, the more differences between non-resident and resident property values can be explained by fundamental factors such as age, size and location.

For the Toronto CMA as a whole, differences in condominium apartment location, size and age have a modest net impact on explaining the difference in property values between those owned by non-residents and residents. About one-quarter of the overall difference in Toronto can be explained via a regression model that simultaneously controls for these characteristics. While both property size and age, individually, are strongly associated with differences in value, these factors largely offset when evaluated jointly. Non-residents tend to own newer condominium apartments in Toronto, which increases their value; however, they also tend to own smaller condominium apartments, which reduces their relative value. Lastly, differences in location, measured at the CSD level, have only a modest effect on explaining the gap between the two groups.⁸

6. The Greater Vancouver A CSD is a geographically diverse collection of neighborhoods which includes the University Endowment Lands.

7. The CSDs shown in Table 2 are those with at least 25 condominium apartments owned by non-residents.

8. The relative impact of these variables is estimated via a Blinder–Oaxaca decomposition.

Table 2

Average assessment values for condominium apartments owned by non-residents and residents, Toronto CMA and selected CSDs

	Average assessment value		Difference	
	Non-residents	Residents	Unadjusted	Adjusted
dollars				
Toronto CMA	420,500	385,900	34,600***	25,200***
Toronto (CY)	438,900	406,900	32,000***	31,200***
Mississauga (CY)	305,000	289,600	15,400***	2,900**
Markham (CY)	375,800	371,500	4,300	1,400
Brampton (CY)	231,300	230,000	1,400	-1,800
Vaughan (CY)	395,500	409,900	-14,500*	-2,200
Richmond Hill (T)	341,500	334,800	6,800	1,900
Oakville (T)	418,300	436,600	-18,300	15,000 [†]
Pickering (CY)	285,700	298,100	-12,400	900
Ajax (T)	246,000	237,800	8,200	4,300

* significantly different from reference category ($p < 0.05$)** significantly different from reference category ($p < 0.01$)*** significantly different from reference category ($p < 0.001$)[†] significantly different from reference category ($p < 0.10$)**Notes:** All estimates are rounded to the nearest \$100 and exclude observations with missing data on age or size. Only census subdivisions (CSDs) with at least 25 condominium apartments owned by non-residents are shown. Adjusted differences control for the age and size of the condominium apartment. CMA: census metropolitan area; CY: city; T: town.**Source:** Statistics Canada, Canadian Housing Statistics Program, May 2017.

The impact of size and age on explaining differences in property value varies across CSDs, notably for the City of Toronto, Mississauga and Vaughan. In both the city of Toronto and Mississauga, the average property value of non-resident-owned condominium apartments is significantly larger than resident-owned units. In the City of Toronto, home to three-quarters

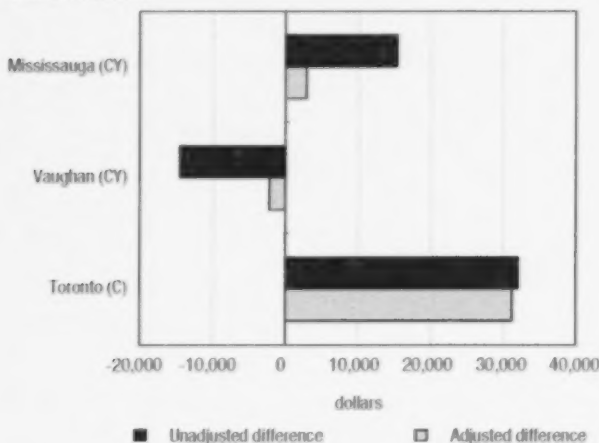
of condominium apartments in the Toronto CMA, differences in the size and age of condominium apartments cannot explain the gap in property values between the two groups. A more likely determinant of the gap is the (unmeasured) variation in condominium apartment values across specific neighborhoods within the City of Toronto, if non-residents are more likely to purchase properties in high-value neighborhoods.⁹

More evidence of the explanatory impact of property size and age is apparent for the CSDs of Mississauga and Vaughan. In Mississauga, controlling for these factors explains about 80% of the differences in value between non-resident and resident-owned condominium apartments.¹⁰ The effect is different in Vaughan as condominium apartments owned by non-residents have lower average property values than resident-owned units. Controlling for age and property size effectively eliminates the gap between the two groups.

Chart 3

Difference in average assessment value between condominium apartments owned by non-residents and residents, selected CSDs in the Toronto CMA

Census subdivisions



Notes: Differences are calculated as the average assessment value of non-resident-owned properties minus the average assessment value of resident-owned properties. Only census subdivisions (CSDs) with statistically significant unadjusted differences are presented. CMA: census metropolitan area; CY: city.

Source: Statistics Canada, Canadian Housing Statistics Program, May 2017.

Vancouver

Table 3 reports the unadjusted and adjusted differences for the Vancouver CMA and selected municipalities. On balance, location, property size and age of housing have a stronger impact on explaining differences in property value in Vancouver. For the Vancouver CMA as a whole, nearly two-thirds of the gap in property value between non-residents and residents can be explained by these factors. Differences in the location of condominium apartments, measured at the CSD level, account for just under 40% of the difference between the two groups, while size and age together account for about one-quarter of the difference.

Property size and age also explain much of the difference in property values in larger CSDs within Vancouver. In the City of Vancouver, the average value of condominium apartments

9. The magnitude of these differences in property value from neighborhood to neighborhood was examined using data from the 2011 Census. The variation in the market value of condominium apartments across specific neighborhoods was large even after controlling for differences in property age and property size.

10. As shown in Chart 3, controlling for size and age reduces the unadjusted gap from \$15,400 to \$2,900.



Table 3

Average assessment values for condominium apartments owned by non-residents and residents, Vancouver CMA and selected CSDs

	Average assessment value		Difference	
	Non-residents	Residents	Unadjusted	Adjusted
	dollars			
Vancouver CMA	691,500	526,700	164,800***	58,800***
Vancouver (CY)	933,200	742,600	190,500***	80,500***
Surrey (CY)	249,800	249,400	400	2,800 [†]
Richmond (CY)	464,000	409,500	54,400***	11,900***
Burnaby (CY)	513,200	455,600	57,600***	23,300***
Coquitlam (CY)	420,500	377,700	42,900***	6,900***
New Westminster (CY)	390,700	378,300	12,400*	7,200**
Langley (DM)	293,300	295,200	-2,000	-500
North Vancouver (CY)	589,500	545,400	44,100***	11,000*
Port Coquitlam (CY)	301,500	291,700	9,800	-5,300*
Maple Ridge (CY)	211,200	222,900	-11,800	-6,400*
North Vancouver (DM)	470,800	512,100	-41,300**	6,300
Port Moody (CY)	478,700	459,600	19,100 [†]	7,700*
Delta (DM)	346,900	390,100	-43,200*	-13,200
Langley (CY)	212,000	213,100	-1,100	2,900
White Rock (CY)	405,100	381,400	23,700	4,600
Greater Vancouver A (RDA)	894,500	858,800	35,700	2,000
West Vancouver (DM)	1,147,800	1,141,000	6,800	45,000
Pitt Meadows (CY)	312,900	280,900	32,000*	-14,400**

* significantly different from reference category ($p < 0.05$)

** significantly different from reference category ($p < 0.01$)

*** significantly different from reference category ($p < 0.001$)

[†] significantly different from reference category ($p < 0.10$)

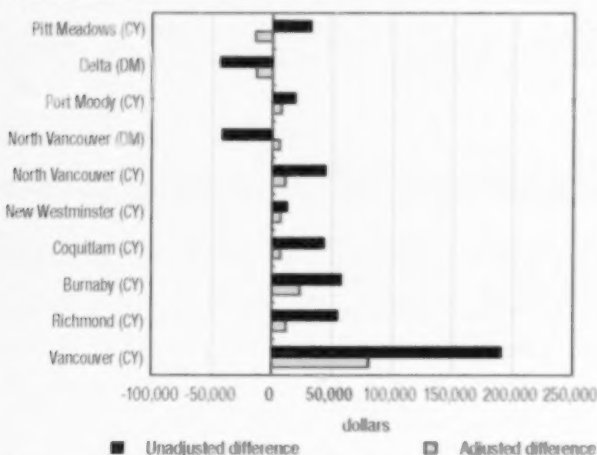
Notes: All estimates are rounded to the nearest \$100 and exclude observations with missing data on age or size. Only census subdivisions (CSDs) with at least 25 condominium apartments owned by non-residents are shown. Adjusted differences control for the age and size of the condominium apartment. CMA: census metropolitan area; CY: city; DM: district municipality; RDA: regional district electoral area.

Source: Statistics Canada, Canadian Housing Statistics Program, June 2017.

Chart 4

Difference in average assessment value between condominium apartments owned by non-residents and residents, selected CSDs in the Vancouver CMA

Census subdivisions



Notes: Differences are calculated as the average assessment value of non-resident-owned properties minus the average assessment value of resident-owned properties. Only census subdivisions (CSDs) with statistically significant unadjusted differences are presented. CMA: census metropolitan area; CY: city; DM: district municipality.

Source: Statistics Canada, Canadian Housing Statistics Program, June 2017.

owned by non-residents is \$933,200, just over \$190,000 higher than resident-owned units. Controlling for differences in size and age reduces the gap by about 60%, to \$80,500. Substantial reductions in the gap are also apparent for the larger CSDs of Richmond, Burnaby and Coquitlam, in which properties owned by non-residents have higher assessment values.

Conclusion

This article highlights selected findings from the initial release of data from the Canadian Housing Statistics Program (CHSP). It reports on non-resident ownership in different segments of the Toronto and Vancouver housing markets, and compares differences in the value of residential assets owned by non-residents and residents. In both census metropolitan areas, residential properties owned by non-residents tended to have higher property values than those owned by Canadian residents for each specific type of housing examined.

For condominium apartments in Toronto, differences in location (measured at the census subdivision level), property age, and property size were found to have a modest net impact on explaining the higher value of non-resident-owned units. Property size and age have little impact on explaining the gap between non-resident and resident condominium values in the City of Toronto, while these factors account for much of the differences in Mississauga and Vaughan.



For condominium apartments in Vancouver, property location, size and age explain substantially more of the variation in property values between non-resident and resident-owned units. Controlling for property size and age substantially reduces the differences in average property values in the City of Vancouver, Richmond, Burnaby and Coquitlam.

The article highlights the analytical potential of CHSP data, which will grow in scope as the database evolves. In addition to data for other urban areas, future releases of CHSP data will contain information on the financing of residential assets along with other property-level characteristics. Time-series data will also be developed. These data will support analyses of the relative contribution of non-residents to changes in the value of housing as well as other housing-related issues going forward.